

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In Re: W.R. GRACE & CO., et al., Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (JKF)
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**FEE AUDITOR'S FINAL REPORT REGARDING
FEE APPLICATION OF PERKINS COIE LLP
FOR THE TWENTY-SIXTH INTERIM PERIOD**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Interim Fee Application of Perkins Coie LLP for the Twenty-Sixth Interim Period.

BACKGROUND

1. Perkins Coie LLP ("Perkins") was retained as an ordinary course professional to provide legal services to the Debtors and Debtors-in-Possession regarding certain asbestos property damage claims. On or about June 20, 2007, the Court entered its Order Granting Leave in Accordance with the Orders Authorizing the Debtors to Employ and Compensate Ordinary Course Professionals as it Pertains to Perkins Coie LLP in which it authorized Perkins to seek compensation for its fees in excess of Perkins' \$50,000.00 monthly ordinary course professional ("OCP") cap. In the Application, Perkins seeks approval of fees totaling \$316,932.25 and expenses totaling \$18,417.99 for its services from September 1, 2006 through March 31, 2007 (the "Application

Period”).¹

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2006, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Perkins, and received a response from Perkins, portions of which response are quoted herein.

DISCUSSION

Specific Time and Expense Entries

3. In our initial report, we noted the following air fare charges for which more information was needed:

6,376.68 D. Biderman, NYC, tkt#7799153775, 11/27

(3,286.70) D. Biderman, NYC, tkt#7799153775, 11/27

It appeared that, after applying the credit, the estate was charged a total of \$3,089.98 for the ticket.

In response to our inquiry, Perkins provided the following information:

¹In this Application, Perkins seeks compensation for fees in excess of the OCP cap for the months of September, November, and December 2006, and March 2007.

This trip was from San Francisco to JFK in New York on 11/27, from LaGuardia in New York to South Carolina on 11/28, South Carolina to Washington, DC on 11/30, and Washington DC to LAX on December 1. Mr. Biderman maintains offices in both San Francisco and Los Angeles. All of this trip was coach except for the last leg of Washington DC to LAX, which was first class because no coach seats were available. Mr. Biderman met with Grace's expert witnesses R. Lee and R. Morse in New York on 11/27 and 11/28. Mr. Biderman's trip involved subsequent meetings with another client, so an effort was made to apportion the costs of his trip among multiple clients.

We accept Perkins' response and have no objection to this expense.

4. In our initial report, we noted the following meal charge for which more information was needed:

132.95 D. Biderman, 11/8

In response to our inquiry, Perkins provided the following information:

This charge was for a lunch with Doug Cameron and Larry Flatley of Reed Smith (co-counsel), and David Biderman, Melora Garrison, Judy Gitterman, Sergio Perez, and Ann Ellias of Perkins Coie.


We accept Perkins' response and have no objection to this expense.

CONCLUSION

In summary, we recommend approval of \$316,932.25 in fees and \$18,417.99 in expenses for Perkins' services for the Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

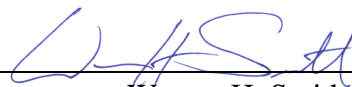
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 20th day of February, 2008.


Warren H. Smith

SERVICE LIST

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